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C O N F I D E N T I A L KUWAIT 003750

SIPDIS

STATE FOR NEA/ARP

E.O. 12958: DECL: 08/15/2013

TAGS: [KUNC](#) [PREL](#) [KU](#)

SUBJECT: GOK SUPPORTS CONTESTED UNCC CLAIM

Classified By: CDA Frank C. Urbancic for reasons 1.5 (d)

1. (U) This is an action request. Please see para 5.

2. (C) MFA IO Division Acting Director Ambassador Aqeel Behbehani contacted PolChief on August 16 to express the GOK's official support for a United Nations Compensation Commission (UNCC) claim by prominent Kuwaiti businessman Jawad Bu Khamseen. The claim, the total value of which is at least USD 140 million, was considered by the "D1" Panel of UNCC Commissioners and decided against in March 2003. The ruling is disputed by Bu Khamseen, who claims the Commissioners denied his request for an oral hearing.

3. (C) In 1982, Bu Khamseen took out a loan from a consortium of domestic and foreign banks for USD 140 million. When the Kuwaiti economy (and the value of Bu Khamseen's property collateral) began to suffer as a result of both the Iran-Iraq War and the Al-Manakh stock exchange crisis of the same year, Bu Khamseen found himself unable to make payment on the loan. To the rescue came the GOK and domestic banks, which developed a plan to bail out all Kuwaitis in Mr. Bu Khamseen's predicament. The agreement finalizing the buy-out of Mr. Bu Khamseen's loan was to have been signed on August 6, 1990, in Bahrain. When it was not, as a result of the August 2 invasion of Kuwait, and the Kuwaiti banks which had agreed in principle to the deal failed to honor it, Mr. Bu Khamseen sought compensation via the UNCC.

4. (C) Mr. Bu Khamseen's son, Anwar, had previously approached Poloff to request official USG assistance in obtaining a second review of this claim. At that time, he also raised concerns that the three-judge panel that reviewed the case had not/not acted with impartiality based on phone calls he had received from a non-participant who showed unwarranted familiarity with the content of closed meetings.

5. (C) Action Request: Please advise how post should respond to the MFA.
URBANCIC